REMARKS

The Examiner's attention to the present application is greatly appreciated.

Claims 1 - 7 are pending in the present application. In the recent Office Action, the Examiner rejected the claims under 35 U.S.C. §102 or §103. Applicant respectfully disagrees with the Examiner's determination. Accordingly, reexamination, reconsideration and allowance of the claims is respectfully requested.

REJECTION UNDER 35 U.S.C. §§102 and 103

The Examiner rejected Claims 1, 3 and 5 - 7 under 35 U.S.C. §102 as being anticipated by an article authored by *Otis* in the magazine *National Underwriter* (hereinafter "*Otis*"). Meanwhile, the remaining Claims 2 and 4 were rejected under 35 U.S.C. §103 as obvious in view of the combination of *Otis* and Applicant's prior patent, U.S. Patent No. 5,806,802 (hereinafter "*Scott*").

Contrary to the Examiner's position, neither *Otis* or *Scott* disclose the primary aspect of Applicant's invention, specifically providing an insurance policy which provides for the guarantor initiating a recovery mission to recover a satellite and move the satellite from an unintended orbit to an intended orbit. Instead, the only reference pertaining to insurance, *Otis*, teaches providing money in the event of a satellite failure.

Applicant's Invention

As explained in detail in the background of the present application, 10% of all large geostationary satellites have been declared a total loss as a result of the satellite failing to reach its intended orbit. In fact, historically 4% of all satellites launched are completely operational but launched into an unacceptable orbit. This is expected to result in 2 - 3 satellites a year which are fully functional but are considered a total loss due to their inability to operate in a correct orbit.

As explained in page 4 of Applicant's specification, one attempt to correct a satellite's orbit resulted from the Intelsat VI reboost mission in which the space shuttle performed a recovery mission in which three astronauts conducted a complex extra vehicular activity (EVA) in order to replace the satellite's solid rocket motor. These actions resulted in the Intelsat VI satellite being transferred to its correct orbit where the satellite is still functioning normally.

Due to the high cost of satellites and satellite failures, it has become common practice for satellite purchasers to obtain insurance to help insure against the risks associated with satellite failures. In the event of a satellite failure, these insurance policies require the guarantor to pay <u>money</u> to the satellite owner in the event of a failure. In the event of the Intelsat VI (F-3) satellite, the Intelsat organization "self insured" the satellite, meaning that it did not obtain an insurance policy to insure against launch failure. Once it initiated the recovery process, Intelsat executed an insurance policy to cover the activities relating to the reboost mission. Again, if the reboost mission failed, Intelsat was to recover <u>money</u> to offset the high expenses incurred in connection with the reboost mission.

Meanwhile, Applicant's invention is directed to spreading the risk even farther than has ever been accomplished. More particularly, Applicant's invention is directed to the insurance policy including a provision which provides for a <u>recovery mission</u> in the event that the satellite is ultimately launched into an unintended orbit, but the satellite is otherwise fully functional. Thus, instead of the insurance carrier simply paying the money to the satellite

owner, the insurance policy requires that an additional mission be initiated in an attempt to recover the satellite and return the satellite to an operational orbit.

This is far different from standard insurance policies which simply provide that the carrier pay money to the satellite owner in the event of a launch into an unintended orbit. Moreover, though satellites have been recovered, such as the Intelsat VI recovery mission, the initial insurance policy did not provide for such recovery. Instead, the recovery had to be paid for by the satellite owner. However, if Intelsat VI had obtained an initial insurance policy which practiced Applicant's invention, Intelsat would not have had to pay for the additional recovery mission and would not have been required to take out additional insurance policies to cover the recovery mission.

Otis

The *Otis* article describes the circumstances surrounding the launch and reboost of the Intelsat VI (F-3) satellite as well as the insurance policies that were involved. For example, page 10, column 2 of the *Otis* article explains that the original launch of the Intelsat VI was "self-insured". This means that Intelsat did not obtain an independent insurance policy to insure against the failure of the satellite during launch or in orbit. Instead, any loss, approximately $250 million, was to be spread throughout the international government organization.

Page 7, column 2 explains the various insurance provisions governing the reboost mission. More specifically, *Otis* explains that while Intelsat did not obtain insurance coverage

to cover the initial launch, it did obtain insurance coverage over the reboost mission. The reboost mission separated the risk into two packages. The first portion provided coverage over the satellite in low orbit and until its recovery by the NASA space shuttle Endeavor. In the event of a failure during this period, Intelsat's organization was to be paid <u>money</u> to offset its losses. Meanwhile, the second phase of insurance coverage covered the phase of placing the satellite into the space shuttle, refitting it with a new motor, boosting it into its final operational orbit, and continuing for an additional 180 days to confirm satellite viability. Again, the insurance policy provided for <u>financial compensation</u> to Intelsat to cover its losses in the event of a satellite failure during this phase. However, neither phase of the insurance policy provided for the initiation of an additional recovery mission in the event of a failure, as claimed by Applicant.

<u>Summary</u>

Applicant's invention and the *Otis* article can be summarized as follows.

	Applicant's Invention	*Otis*-Intelsat VI Reboost Insurance Policy
Mission:	Purchase and launch of operational satellite into intended orbit.	Reboost satellite launched into unintended orbit by utilizing space shuttle to affix rocket motor to satellite.
Policy:	Guarantor required to <u>initiate recovery mission</u> to recover satellite and move satellite from an unintended orbit to an intended orbit as a result of a launch failure.	Policy separated into two phases. In a first phase, insurance provides <u>monetary compensation</u> to satellite owner if failure occurs in low orbit or failure occurring during the reboost procedures.

Plainly, neither *Otis* nor any of the additional cited prior art suggest an "insurance policy including provision for the guarantor initiating a recovery mission to recover the satellite by moving the satellite to an intended orbit if the satellite is launched into an unintended orbit". This limitation is found in every one of the claims of the present application. Accordingly, the claims are believed allowable.

CONCLUSION

The claims of the present application are believed to be in condition for allowance and notice thereof is respectfully requested. If there are any remaining issues that need to be resolved, it is respectfully requested that a telephone call be placed to the undersigned.

Respectfully submitted,

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